

Shaun Donovan at HUD

## Recovery begins at home

BROOKLYN

The new man intends to shake up his department

PEOPLE are sceptical about HUD, the federal Department of Housing and Urban Development. It has a history of "inability to deliver". Common sentiments among housing activists; odder to hear them from Shaun Donovan, HUD's new secretary. Just 100 days into his job Mr Donovan accepts that his department, created to increase homeownership, support community development and provide access to affordable housing free from discrimination, has not lived up to its mission.

And it is some mission at the moment. Unemployment is approaching 9%. There were 2.2m foreclosures last year. According to RealtyTrac, a property analyst, foreclosure filings last month increased by 32% over April 2008; one in every 374 housing units received a filing, the highest figure RealtyTrac has recorded. Though repossessions by banks were down in April, a spike is expected this year. And at the centre of HUD lurks the Federal Housing Administration (FHA), the country's largest mortgage insurer, which has been described as "a subprime entity within the federal government"—with all that that implies.

But "in crisis, there is opportunity", says Mr Donovan. And HUD is trying to seize it. A "Homeowner Affordability and Stability Plan" announced in February, aims to help 7m-9m homeowners stay in their homes. On May 12th it announced that a \$8,000 tax credit for first-time homebuyers could be used as down-payment on a mortgage from the FHA. Earlier this month, HUD said it would provide \$2 billion in stimulus funds to stabilise neighbourhoods hit by foreclosure. More than any other HUD secretary, Mr Donovan is sitting "at the table" with the president and Tim Geithner, the treasury secretary.

The 43-year-old New Yorker, though he looks like a fresh-faced boy, is well qualified. He worked for HUD under Bill Clinton, and has spent time in academia as well as in the private housing sector. Most recently he was New York City's housing commissioner. He headed Mayor Michael Bloomberg's \$7.5 billion New Housing Marketplace Plan, which will build or preserve 165,000 units for low- and moderate-income families by 2013. And he helped implement PLANYC, a long-term scheme to build houses for up to 1m New Yorkers, link them to transport, clean up brownfields, plant 1m trees and improve air and water across the five boroughs. City agencies, non-profits and private firms all worked to-

A terrorist plot in the Bronx

## Foiled by the Feds

A plan to bomb Jewish targets in New York and shoot down American aircraft

THE plot was dastardly and elaborate, but this seems to have been a gang that couldn't shoot straight. On the night of May 20th four men, at least three of them American citizens, all living in Newburgh, a town 60 miles north of New York City, were arrested after planting bombs outside a synagogue and a Jewish centre in the Bronx. Their plan is said to have been to return to Newburgh, set off the bombs by remote control, and then use shoulder-launched missiles to shoot down aircraft at a military base at Stewart International Airport.

Had it succeeded, this would have been the first terrorist spectacular on American soil since September 11th 2001, bearing the al-Qaeda hallmark of simultaneous attacks on multiple targets. But, in fact, the plotters never had a chance.

For 11 months they had been played for suckers by the FBI, which had not only monitored their plans but also

provided the bombs and missiles—all duds incapable of being detonated or fired. The FBI had trailed the group since one of their number, James Cromitie, had confided unwittingly to an FBI informant that he wanted to do something to hurt America, lamenting that the "best target"—the World Trade Centre—had already been struck. Mr Cromitie and his three accomplices were nabbed red-handed this week as soon as they had parked their bomb-laden cars outside the synagogue and centre.

It is not unusual for police to penetrate plots early and let them run while collecting intelligence. In 2007 five terrorists were convicted in Britain after police had replaced the ammonium nitrate they had intended to use for bombs with harmless stuff. But this "risk-management" approach suggests a change for the FBI. In the years immediately after September 11th the bureau's priority was to disrupt plots at the earliest opportunity, even on the ground of immigration violations.

When plots are foiled or fail, they can look comical. In 2007 two inept terrorists were hoist on their own petard when their bomb-laden jeep got wedged in the doorway of Glasgow airport and caught fire. But a thin line separates success from failure—and homegrown from global terrorism. All the Bronx plotters were reported to be Muslims. The young British Muslims who blew themselves up on London's Tube in 2005 were thought at first to be acting alone. Only later did it transpire that their leader had gained his bomb-making skills as well as his inspiration from al-Qaeda itself.



Their untouched target

gether. Often the only roadblock to innovation in New York, he found, was HUD.

Effective land use particularly interests him. Traditionally, the federal government has nothing to do with that; it treats it as a local matter, and a dangerously controversial one. Mr Donovan means to change that. In New York he re-zoned huge swathes of land from commercial to residential use. He points with particular pride to a development in Brooklyn's Williamsburg, where he successfully re-zoned decaying lots and warehouses on the waterfront for mixed income residential use, a park and a ferry to Manhattan.

Even as he battles the housing crisis, Mr Donovan is setting an agenda, one not seen in decades. He wants HUD to be more than the department of subsidised housing, and hopes to focus too on the urban

development side. A big fan of statistics, he looked at foreclosure patterns and observed that neighbourhoods with the highest rates were in the least sustainable places, in isolated suburbs and older urban areas far away from jobs and schools. This suggests that the recession may shake out and slim down cities, making them eventually better places to live.

Mr Donovan is already collaborating with Arne Duncan, the education secretary, and the heads of the Departments of Energy and Transport, as well as Mr Geithner. He is keenly aware that HUD is not just for cities—that traditional "urban problems", such as poverty and affordable housing, are now regional problems. Conversely, he is aware that urban development is also about better transport links and better schools. It all hangs together. ■